

Memorandum

To: Panel Members Date: October 24, 2002

From: Ron Tagami, Manager
Peter DeMauro, General Counsel Analyst: M. Tolentino

Subject: One-Step Agreement for **City National Bank (SET)**
(www.cnb.com)

CONTRACTOR:

- Training Project Profile: Retraining: companies with out-of-state competition
SET-Workers Earning at Least State Average Hourly Wage
- Legislative Priorities: Moving to a High Performance Workplace
- Type of Industry: Services
- Repeat Contractor: No
- Contractor's Full Time Employees:
 - Company Wide: 1,950
 - In California: 1,930
- Fringe Benefits: Yes
- Union Representation: No
- Name and Local Number of Union representing workers to be Trained: N/A

CONTRACT:

- Program Costs: \$274,560
- Substantial Contribution: \$0
- Total ETP Funding: \$274,560
- In-Kind Contribution: \$927,048
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Statewide
- Duration of Agreement: 24 months

SUBCONTRACTORS:

Verilogix, Torrance, California, for administration, \$32,914.56

THIRD PARTY SERVICES:

Verilogix assisted in the design of the training program and completion of the application. The amount reimbursed for these services is \$10,960, which is based on a flat rate.

NARRATIVE:

City National Bank is eligible for ETP funding under the out-of-state competition provisions listed in Title 22, California Code of Regulations, Section 4416(a) and (d) for a company providing a service in competition with providers of the same service which are located outside the state and for a mortgage bank engaged in servicing activities related to loans. The Contractor has also identified workers that require training under Title 22 California Code of Regulations, Section 4409(a), for SET frontline workers who earn at least the state average hourly wage.

City National Bank, whose headquarters is located in Beverly Hills, California, was founded in 1954 to provide personalized banking services to the entertainment and real estate industries, professionals and the growing business community in Southern California. These services include asset management, commercial lending, international services, home mortgage and credit card issuance. Currently, the company has more than 50 offices (including 11 regional centers) located from San Diego to the San Francisco Bay Area.

With the advent of global lending and Internet banking access, City National Bank has experienced competition from out-of-state and international banks that provide the same services the Contractor offers. As companies are bought, sold, merged or closed, there are opportunities for out-of-state or international banks to take over the financial service needs of these companies. In several cases, a new owner of a California business may transfer its banking services to their own personal bank, which may be located outside of California or out of the country. Many out-of-state financial service companies such as Northern Trust in Chicago, The Bank of New York and Bank of Montreal have developed innovative products geared to capture the small and mid-sized businesses that compete directly with the Contractor's services.

Because of the competition from out-of-state sources, City National Bank is spending more on technology upgrades in sales, customer service and wealth management to help lower operating costs and improve customer service. The Contractor has recently installed new software systems such as Customer Relationship Management, Customer Lead Information Center, Call Center Software and Voyager Human Capital Management Software System to streamline its sales tracking and business process and optimize the skill levels and performance of their employees.

With the installation of new software systems, City National Bank is transitioning to a high performance workplace. In addition to acquiring competency in the new software programs, the Contractor requires workers to build stronger relationships with its customers by shifting to trusted-advisor roles, developing expertise for business ownership transition strategies and the professional asset management of the

NARRATIVE: (continued)

customers' wealth. In addition, the Contractor expects employees to assume greater responsibilities in customer service, quality control and problem resolution. Therefore, 423 frontline workers will receive training in Business Skills, Commercial Skills, Computer Skills and Continuous Improvement in the proposed ETP Agreement.

Business Skills training which includes Communication Skills, Information Processing and Customer Service will provide workers with the skills necessary to manage projects, improve communication skills and customer service delivery.

Commercial Skills training will help City National Bank in preparing its commercial and mortgage lenders to become "trusted advisors" and work with customers on a partnership basis by learning the customer's business and have the expertise to recommend the appropriate products for the customer.

Computer Skills training will enable workers to be competent in utilizing the new system software, enable them to manage sales, loans and call centers online and help the contractor shift to a paperless system.

Continuous Improvement: Workers will have control over the technical aspects of their job, which requires decision-making skills. Continuous Improvement training will prepare workers for changes in the new processes and increase their skills to perform multiple tasks and improve their problem-solving skills.

Supplemental Nature of Training

In the past, City National Bank conducted very limited training focusing on federal and state banking law compliance. The Contractor's proposed training is new and is directed at specialized training for new software systems and high performance management principles. Because of its limited funds for training, the Contractor is requesting ETP assistance to provide the proposed training to cover new methods of building stronger relationships with customers by promoting trusted-advisor roles. Without ETP funds training will be provide to smaller groups of workers and will not be as comprehensive and as effective. Workers will not be adequately trained resulting in poor customer satisfaction and quality of work.

In the two years following the ETP training program, City National Bank will continue to offer courses outlined in the ETP curriculum and spend approximately \$1 million for training materials and trainees' wages paid during training.

In-Kind Contribution

City National Bank will provide an in-kind contribution of approximately \$927,048 in wages and fringe benefits to be paid to ETP trainees while attending the ETP-funded training.

COMMENTS:

High Wages

Trainees included in this Agreement who earn high wages (\$85.37) do not have the authority to set company policy.

COMMENTS: (continued)

Frontline Workers

All trainees identified in this ETP Agreement are frontline workers as defined in Title 22, California Code of Regulations, Section 4400(ee). City National Bank considers the Supervisors of Commercial Banking and Help Desk Supervisors as frontline workers because while they may supervise entry-level positions in Commercial Lending; they also manage their customer accounts and provide customer service to their clients.

City National Bank is retraining workers in Jobs 2 through 4 who are employed outside of their Mortgage and Call Center facilities. These are Credit Analysts, Specialty Lenders, Relationship Manager Lenders, Help Desk Supervisors, Commercial Banking Supervisors and Credit Administrators who are frontline workers directly providing services and earning at least the State's average hourly wage of \$20.27.

PROPOSED ACTION:

Staff recommends that the Panel approve this One-Step Agreement if funds are available and the project meets Panel priorities based on City National Bank's stated need to provide workers with skills necessary to enhance its ability to remain competitive, to grow, and to maintain a continuing relationship with its customers. The implementation of this proposed training will enable the company to remain viable in the California economy.

TRAINING PLAN:

Grp/Trainee Type	Types of Training	No. Retain	No. Class/Lab Videocnf. Hrs	No. CBT Hrs	No. SOST Hrs.	Cost per Trainee	Hourly Wage after 90 days
Retrainee Job 1	Business Skills, Commercial Skills, Computer Skills, Continuous Improvement	123	40	0	0	\$520	\$12.60 - \$32.05
Jobs 2 - 4 SET Retrainee		300	40 – 150	0	0	\$520 - \$1,950	\$22.10 - \$85.37
					<u>Range of Hourly Wages</u> \$12.60 - \$85.37		
					<u>Prevalent Hourly Wage</u> \$36.50		
					<u>Average Cost per Trainee</u> \$649		
<u>Health Benefit used to meet ETP minimum wage:</u> N/A					<u>Turnover Rate</u> 18%	<u>% of Mgrs & Supervisors to be trained:</u> 0 %	

CURRICULUM

CITY NATIONAL BANK MENU CURRICULUM

Class/Lab Hours

Job 1 – 40

Job 2 – 150

Job 3 – 60

Job 4 – 40

Trainees will receive any of the following:

Computer Skills

CLIC (Customer Lead Information Center)

Customer use patterns

Software system administration

Case studies of use patterns

Point Of Sales (POS) reports

Using the POS system to track trends

Call Center Software System

Product updates-changing environment

Managing tasks electronically

Managing contacts electronically

Using electronic templates and forms

Electronic message handling

Electronic form design

Subform design

Customizing reports

Parameters & queries

CRM (Customer Relationship Management)

Customer tracking

Reporting

Standard queries

Adhoc queries

Voyager 2.0 Performance Optimization Software

City Loan Center Software

Funding

Underwriting

Servicing

Mortgage Rep

Continuous Improvement

Team Training

- Team principles
- Formation of core teams
- Clarifying team roles and responsibilities
- Conducting information exchange meetings
- Resolving team conflicts
- Managing change and innovation
- Fostering improvement through innovation
- Autonomous operation
- Profit center analysis

Autonomous Team Management

- The role of the facilitator
- Constructive feedback
- Getting good information from others
- Getting your ideas across
- Recognizing positive results
- Establishing performance expectations
- Developing job skills
- Team building and coaching
- Corrective action

Front Line Leadership in Team Settings

Team and Leadership Skills

Team Dynamics

Strategic Planning

Business Skills

Customer Service

- Dealing with difficult customers
- Voice inflection and quality
- Dealing with customer needs

Coaching Procedures, Effective Performance

Appraisals

Communication skills

- Listening
- Conflict management
- Public Speaking
- Speaking to audience

Business Skills (continued)

Project Management

Communication, Verbalization, Effective Listening

Interpersonal Communication

Project Management Tools

Information Processing

Analyzing/Evaluating Provided Information

Distributing Information

Organizing Information

Commercial Skills

Credit

Profiling

Trusted advisor

Credit analysis - cash flow

Credit analysis - tax strategy

Comprehensive wealth management

Elements Of The Sale